



Commonwealth of Massachusetts

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FY11Q3 Hospital Financial Results Fact Sheet

Introduction

The acute hospital financial report provides a statewide analysis of acute hospital financial data. The report examines hospital profitability, liquidity, and capital structure ratios in order to monitor the financial status of acute hospitals. Presented are industry analyses and comparisons of financial performance trends of different hospital cohorts: teaching, community, and disproportionate share hospitals (DSHs). Quarterly data has been reviewed by Division staff but has not been audited by independent auditors.

FY11Q3 Findings:

- Overall hospital profitability improved slightly from FY10 to FY11Q3. The median total margin was 2.7% in FY11Q3 versus 2.6% in FY10.
- Liquidity, as measured by current ratio, deteriorated in the third quarter of 2011. The median current ratio fell to 1.40 from 1.55 in FY10. Liquidity is a hospital's ability to meet current debt payments with cash and other current assets.
- From a solvency or long-term financial health perspective, the ratio of cash flow to total debt fell to 12.9% in FY11Q3 from 16.9% in FY10.
- Hospitals in the Southeast region had the highest median total margin. The median regional total margin ranged from 4.8% at hospitals in the Southeast region to 0.4% for hospitals in the Metro Boston region.

Profit Margin Trends FY07-FY11Q3

Year	Total Margin	Operating Margin	Non-Operating Margin
2007	3.0%	1.7%	1.6%
2008	0.9%	0.7%	0.4%
2009	2.2%	1.9%	0.2%
2010	2.6%	2.0%	0.7%
2011Q3	2.7%	1.4%	0.7%

FY2011Q3 Results by Hospital Cohort Group

	Total Margin	Operating Margin	Non-Operating Margin	Current Ratio	Cash Flow to Total Debt
Statewide Median	2.7%	1.4%	0.7%	1.40	12.9%
Teaching Hospitals (15)	5.6%	3.5%	0.9%	1.52	16.2%
Community Hospitals (50)	1.8%	1.2%	0.7%	1.40	12.3%
Disproportionate Share Hospitals (26)	1.4%	1.1%	0.3%	1.18	9.6%
Non-Disproportionate Share Hospitals (39)	4.1%	2.4%	1.1%	1.52	14.4%

FY2011Q3 Results by Hospital Region

	Central (8)	Metro Boston (25)	Northeast (10)	Southeast (11)	West (11)
Total Margin	4.0%	0.4%	1.3%	4.8%	1.6%